

CHAPTER NO. 871

SENATE BILL NO. 37

By Atchley, McNally

Substituted for: House Bill No. 25

By Rhinehart, Head

AN ACT To amend Tennessee Code Annotated, Title 8, Chapter 34; Title 8, Chapter 35; Title 8, Chapter 36; Title 8, Chapter 37, relative to the Tennessee Consolidated Retirement System and to amend Title 8, Chapter 38, Part 1, relative to social security.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 8-35-404(b)(1), is amended by deleting the last sentence thereof in its entirety and by substituting instead the following:

In lieu of the discontinued employee contributions, the employer shall make increased employer contributions at the rate of ten percent (10%) of each eligible employee's earnable compensation, plus one percent (1%) of the part of the eligible employee's earnable compensation in excess of the employee's covered compensation.

SECTION 2. Tennessee Code Annotated, Section 8-36-117, is amended by designating the existing language as subsection (a) and by adding the following language as a new subsection (b):

(b) The board of trustees is hereby authorized to promulgate substantive and procedural rules and regulations requiring recipients of monthly benefits hereunder to be paid such benefits by direct deposit or by electronic transfer.

SECTION 3. Tennessee Code Annotated, Section 8-37-115(b), is amended by deleting the same in its entirety and by substituting instead the following:

(b) The board of trustees is hereby authorized, at its discretion, to transfer funds of the retirement system to any organization created pursuant to this section for the payment of any costs or expenses incidental to the activities of the organization.

SECTION 4. Tennessee Code Annotated, Section 8-37-115, is amended by adding the following as new subsection (c) and by redesignating the existing subsection accordingly:

(c) An organization created pursuant to this section may enter into such agreements as it may deem necessary or advisable in carrying out any purpose for which the organization was created. Any such agreement shall contain such terms and conditions as the board of directors of the organization may determine, including, without limitation, agreements to indemnify, agreements to pay liquidated damages, warranties of title to real estate and choice of law provisions. Any such agreements authorized herein shall be exempt from the provisions of Title 12, Chapter 4.

SECTION 5. Tennessee Code Annotated, Title 8, Chapter 37, Part 1, is amended by adding the following new section:

8-37-1____. Bonds, notes and investment contracts - Issuance to state entities.

(a) The board of trustees shall have the power and authority to enter into investment contracts with, or to issue notes, bonds or other evidences of indebtedness to, any instrumentality of the state which is designated to invest funds received pursuant to the tobacco litigation master settlement agreement entered into by Tennessee and certain other states, United States territories and possessions, and participating tobacco manufacturers, dated November 23, 1998.

(b) In exercising the authority granted in subsection (a), the board of trustees is authorized to enter into such arrangements under terms and conditions the board determines to be in the best interest of the retirement system. Any debt issued pursuant to this section shall not be invalid for any irregularity or defect in the proceedings for the issuance or sale thereof. Further, all obligations issued under this section shall be exempt from taxation by the state, or by any county, municipality or taxing district of the state.


(c) Notwithstanding any provision of § 8-6-106 or other law to the contrary, the board may employ bond counsel, financial advisors, underwriters, and such other professionals deemed necessary to assist the board in the issuance, management and servicing of all debt issued by the board hereunder. Any professional so employed hereunder shall be paid such compensation as the board may deem just and such compensation may be paid out of the proceeds of any debt issued hereunder or from the assets of the retirement system. The board is further authorized to pay any or all costs or expenses incurred by the board relative to the issuance, management and servicing of any debt issued hereunder from the proceeds of any such debt or from other assets of the retirement system.

SECTION 6. If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to that end the provisions of this act are declared to be severable.

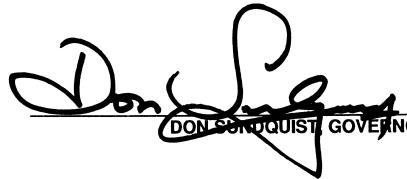
SECTION 7. This act shall take effect upon becoming a law, the public welfare requiring it.

PASSED: May 24, 2000


JOHN S. WILDER
SPEAKER OF THE SENATE


JIMMY NAIFEH, SPEAKER
HOUSE OF REPRESENTATIVES

APPROVED this 5th day of June 2000


DON SUNDQUIST, GOVERNOR